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FISCAL IMPACT STATEMENT

LS 7840

BILL NUMBER: SB 481

NOTE PREPARED: Mar 29, 2005

BILL AMENDED: Mar 22, 2005

SUBJECT: Transitional Living Services.

FIRST AUTHOR: Sen. Lawson C

FIRST SPONSOR: Rep. Budak

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill allows the Division of Family and Children to implement a program to provide transitional services to individuals who have become or will become 18 years of age or emancipated while receiving foster care. The bill allows the Office of Medicaid Policy and Planning to apply for an amendment to the State Medicaid Plan and, if necessary, apply for a Medicaid waiver to provide services to individuals who are at least 18 years of age but less than 21 years of age who have become too old to be eligible for foster care.

The bill also requires the Office of Medicaid Policy and Planning to apply for a Medicaid waiver that would allow certain Medicaid-eligible elderly and disabled persons to receive a cash allowance or have control of a specific budget so that they may purchase certain eligible services.

Effective Date: Upon passage; July 1, 2005.

Explanation of State Expenditures: *Summary - Transitional Medicaid Services for Former Foster Children:* The fiscal impact of this provision of the bill would be dependent upon an administrative decision to apply for a State Medicaid Plan amendment. If the administration decided to apply for a plan amendment, the fiscal impact of that decision would be dependent upon how the definition of eligibles would affect the potential size of the optional eligibility group referred to as "independent foster care adolescents". Estimated state share of expenditures for adding this eligibility group are estimated to be about \$499,138 in FY 2006 and \$519,048 in FY2007. These expenditures would be from the Medicaid account of the state General Fund.

(Revised) *Cash and Counseling Waiver:* This bill also requires the Office of Medicaid Policy and Planning

(OMPP) to apply for a Medicaid waiver. The Cash and Counseling provision of the bill may either cost the state an amount equal to the share of the number of waiver slots requested times the average cost of waiver services or it may have a neutral fiscal impact, depending upon administrative decisions regarding the total number of funded waiver slots OMPP is to operate.

Additional Details on Transitional Medicaid Services for Former Foster Children: The federal Foster Care Independence Act of 1999 established a new optional Medicaid eligibility group for independent foster care adolescents. This group is defined as young people who are in foster care under the responsibility of the state on their 18th birthday. The group may include young people who were adjudicated CHINS or delinquents with certain requirements. If a state chooses, all young people in foster care under the responsibility of the state on their 18th birthday who are not yet 21, could become automatically eligible for Medicaid without regard to their income or assets. States have the flexibility under the act to provide Medicaid to a smaller "reasonable category" of the broad group of potentially eligible young people. States may also limit eligibility in other ways such as: apply an income or resource test in determining eligibility within certain limits; limit eligibility by age such as only 18 and 19 year olds; or limit eligibility by foster care status to those children who were eligible for federal foster care payments under Title IV-E of the Social Security Act.

In order to add this optional eligibility group, the Office of Medicaid Policy and Planning (OMPP) must submit a State Plan amendment defining the eligibility group within the parameters defined in the Act. The definition of eligibility and the size of the potential "reasonable category" will determine the ultimate cost of the bill. OMPP estimates capitated rates for Medicaid children per member per month of \$118.08 for FY 2006 and \$122.79 for FY 2007. The Commission on Abused and Neglected Children reported that 309 children in foster care "aged off" the program on average each year for the last 4 years. If this experience is assumed to remain stable, then 927 adolescents may be estimated to constitute the current group of 18 to 21-year-olds meeting the definition of the "independent foster care adolescent". The state share of expenditures of adding a group this size to the State Plan is estimated to be \$499,138 in FY 2006 and \$519,048 in FY2007. (Total expenditures are estimated to be about \$1.3 M with the federal share of expenditures being about \$814,000 for FY 2006.) However, it is not known how many of the children reported as "aged off" of foster care currently maintain their Medicaid eligibility because they qualify under another eligibility group requirements, such as disability.

Independent Living Transitional Services: The bill also allows the Division to implement a program that provides a transitional services plan to individuals who have become, or will become, age 18 while receiving foster care. The existing Independent Living Program is mainly federally funded. FY 2005 spending is projected to total \$3,090,066, of which \$181,071 are transferred from state Social Services Block Grant funds (SSBG), and the balance is federally funded. It is not clear how the provision for transitional services plans differs from the federally defined Independent Living Services currently provided.

(Revised) *Background on Cash and Counseling Waiver:* The bill requires OMPP to develop and submit a waiver application for a "cash and counseling Medicaid demonstration and evaluation waiver. Eligible individuals for a "cash and counseling waiver program would be expected to be mainly interested in the provision of attendant care services, which are only provided under the home- and community-based care (HCB) waivers in the Indiana Medicaid Program.

There are three possible cost scenarios depending on administrative decisions for implementation: (1) If an individual client who is receiving waiver services mainly for attendant care moves to a new "cash and counseling waiver slot and the existing HCB waiver slot is frozen and remains unfilled, the fiscal impact of the new "cash and counseling waiver should be neutral; (2) If an individual client who is receiving waiver

services mainly for attendant care, moves to a new “cash and counseling waiver slot and the existing HCB waiver slot is refilled, the fiscal impact of the new waiver would be estimated to be the average cost of the “cash and counseling waiver slot; and (3) If a client moves to the new waiver from a waiting list filling a totally new waiver slot with no other slots being reduced, the fiscal impact would be estimated to be the average cost of the “cash and counseling waiver.

Under “cash and counseling waivers, beneficiaries receive a cash allowance or the control of a predetermined budget to hire helpers directly instead of relying on services provided by agency employees. The amount of the cash they receive from Medicaid is equivalent to the dollar value of the services they would receive if they continued to receive agency-directed services. Waiver clients, or another party qualified to direct the provision of services if the client is unable, may hire family members, friends, and neighbors whom they trust rather than allowing strangers into their homes to assist with personal care tasks. This often allows clients to schedule assistance when they most need it, including evenings, nights, and weekends. The option allows clients to choose the combination of goods and services that best suits their needs. This bill would also allow OMPP to include case management services as a “cash and counseling waiver service to assist clients with needs assessments and budgets. This bill would add an additional waiver program targeted towards individuals that mostly require personal attendant care services rather than the wider range of services available under the home- and community-based care waivers. These individuals may already be receiving services under an HCB waiver.

The Division of Disability, Aging, and Rehabilitative Services (DDARS) reports that self-directed attendant care, which is similar to the concept of the “cash and counseling waiver, is now an available option in all the waivers that include attendant care. DDARS has reported that implementation of this alternative is in process.

The waiver application process is not without opportunity costs. Waiver applications are generally developed and submitted by the existing staff in OMPP. Applications must be developed and adequately justified. If the Centers for Medicare and Medicaid Services have questions or request additional information, staff must be available to respond within specified time lines or the request is considered expired. If the waivers are subsequently approved, OMPP must implement the services and fulfill the waiver reporting requirements, including the critical fiscal neutrality reports. OMPP is now operating eight waivers.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 62% by the federal government, while the state share is about 38%. Funding for administrative services is typically shared 50/50.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

Explanation of Local Expenditures: Local juvenile probation offices could be impacted if the county would decide to participate in the Independent Living Program with the state. With an agreement certain juveniles could qualify for independent living services plans and potentially Medicaid depending on decisions made by the administration and the definition of the group determined by OMPP. Juvenile probation officers would be required to participate in the independent living planning process.

Explanation of Local Revenues:

State Agencies Affected: Division of Family and Children; Division of Disability, Aging, and Rehabilitative

Services; and the Office of Medicaid Policy and Planning of the Family and Social Services Administration.

Local Agencies Affected: Local courts and juvenile probation offices, and Area Agencies on Aging.

Information Sources: Centers for Medicare and Medicaid Services, Letters to State Medicaid Directors, December 1, 2000 at: <http://www.cms.hhs.gov/states/letters/smd12100.asp>;
Indiana FSSA/DFC Independent Living Handbook, Updated October 2004 at:
<http://www.in.gov/fssa/families/protection/ilhandbook--updated%2010-2004>;
Kristy Bredemeier, Acting Legislative Liaison for OMPP, 317-233-2127; and "Putting Children First"
Recommendations from the Indiana Commission on Abused and Neglected Children and Their Families,
August 15, 2004 at: <http://socialwork.iu.edu/site/indexer/903/content.htm>;
Jane Bisbee, Director Child Welfare Services, 317-232-4423.

“Adults with Severe Disabilities, Federal and State Approaches for Personal Care and Other Services, United States General Accounting Office, May 1999; Angela Hoover, Legislative Liaison for the Family and Social Services Administration, 317-233-0890.

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